

CHAPTER 6

COMPREHENSIVE PERMANENT IMPROVEMENT PLAN (CPIP)

The Comprehensive Permanent Improvement Plan (CPIP) replaces the Annual Permanent Improvement Program (APIP) and the Overall Permanent Improvement Plan (OPIP). All state agencies responsible for providing and maintaining physical facilities are required to submit a Comprehensive Permanent Improvement Plan (CPIP) each year. The purpose of the CPIP is to provide the Joint Bond Review Committee and the Budget and Control Board with a comprehensive view of each agency's permanent improvement activities over a five-year period.

The CPIP serves three purposes. First, it provides a planning process for each agency to review its facilities needs and should reflect all permanent improvement activity the agency expects to undertake during the five years of the CPIP. Second, it provides a mechanism by which the agency can get its proposed new projects for the first year of the CPIP approved at the beginning of the fiscal year, without having to bring each request separately to the Joint Bond Review Committee and the Budget and Control Board for approval. Third, it provides a mechanism for making the agency's funding needs for permanent improvement projects known for future years.

All Improvements Included Regardless of Funding Source

The CPIP is designed to include all permanent improvement projects projected and proposed for the years covered by the Plan regardless of the sources of funds expected to finance them. That makes preparing the CPIP somewhat like putting five one-year plans together. **Except** for the first year of the plan, it is expected in years two through five that the CPIP will include projects for which funding has not been authorized, appropriated or otherwise made available. This means that the CPIP may include some projects which are already funded or some projects for which funds are not being requested because the agency will use other resources available to it. For example, the CPIP should include projects which are to be financed in whole or in part by Capital Improvement Bonds already authorized and released or which are scheduled for release as new starts in the years covered by the Plan. Special care should be given to identifying clearly any such previously funded projects and specifying the year the funds are authorized. Projects which are expected to be funded by Capital Improvement Bond funds and other state funding sources should also be included in the Plan, even though it is understood that the CPIP process is not the actual vehicle for requesting such funds. This is simply a plan for which funds will be requested through the capital budget request process.

Plan Years 1 and 2 Emphasized

Emphasis in the agency's Comprehensive Permanent Improvement Plan is on the immediate upcoming and succeeding fiscal years, Plan Years 1 and 2 of the five-year period covered by the Plan. Projects in those first two years must be described in detail to allow a reviewer of the CPIP to gain a clear idea of what the proposed projects involve and why they are needed. One sentence explanations of a project will not be sufficient and will be returned for more detailed information.

The first year of the plan has a different focus from the second through fifth years of the plan. The first year includes all the projects that the agency expects to initiate in the upcoming year for which the funding sources are already available or for which there is a reasonable certainty the funding will be

available during the upcoming year. The first year is not a funding request and should not include any projects for which state appropriated or capital improvement bond funds have not already been appropriated or authorized. If included, the CHE and Capital Budgeting staffs will return your plan for these projects to be removed from year one of the plan. Further, your plan should include all new projects and budget increases anticipated for the year. If no projects or increases are included in plan year 1, please include an explanation as part of your plan on why there are no anticipated projects for that year.

The second and remaining years of the plan focus on projects for which the agency will request funds from the General Assembly, as well as projects that the agency anticipates to have its own or other non-state funding sources for. These years, in part, correspond to the projects for which the agencies will be requesting funds in their capital budget requests.

It is especially important that projects which are proposed to be financed by Capital Improvement Bonds and other appropriated state funds be fully and clearly described for these first two years of the CPIP. Projects proposed for plan years 3, 4 and 5, now perhaps not clearly perceived, may simply be listed with an estimate of their cost and an indication of the source(s) of funds anticipated to finance them.

Documents Required

The Comprehensive Permanent Improvement Plan requires completion of the following forms. These forms will be forwarded to the agencies in December each year for completion by the required due date.

1. Narrative Summary of the Five-Year Plan
2. Financial Summary of the Plan (Form C1)
3. Summary Listing of Projects Proposed, Year 1 (Form C2)
4. Individual Projects Proposed, Year 1 (Forms C3 and C4)
5. Summary Listing of Projects Proposed, Year 2 (Form C2)
6. Individual Projects Proposed, Year 2 (Forms C3 and C4)
7. Summary Listing of Projects Proposed, Year 3 (Form C2)
8. Summary Listing of Projects Proposed, Year 4 (Form C2)
9. Summary Listing of Projects Proposed, Year 5 (Form C2)

Any supporting documentation available to the agency that adds to an understanding of the proposed project or strengthens the need for the project should be included in the full CPIP package. This includes master plans, feasibility studies, consultants' reports, maps, building assessments, drawings and pictures which help convey fully the nature, rationale and urgency of each proposed project. The inclusion of supporting documentation is strongly encouraged!

CPIP Preparation

In preparing the CPIP documents, the forms should be typed neatly and accurately, as they may be reproduced and submitted to the members and staff of the Joint Bond Review Committee and the Budget and Control Board for their review and approval. Electronic transfers of forms are available by contacting Capital Budgeting staff at (803) 737-0005.

Evaluation of the plans will be based on the written information and supporting documentation provided. Therefore, the agency should ensure that complete and thorough information is provided throughout. One-sentence explanations will not be considered sufficient.

1. CPIP Cover Sheet

The CPIP cover sheet includes two certifications of note. One requires the agency head and chief financial officer to certify that all funds available to the agency from its own sources or capabilities for financing permanent improvements have been applied to the projects proposed in the plan. This includes bonding authority, grant funds, revenues and any other sources available to the agency. All permanent improvement projects envisioned by the agency should be included in the five-year plan regardless of the sources of funds projected.

The cover sheet also requires the agency head and chief financial officer to certify for Year 1 that the funds projected for expenditure on projects are, or with reasonable certainty will be, available to the agency during the year. The cover sheet also represents the table of contents for the CPIP.

2. Narrative Summary of the Five-Year Plan

This four-part form provides the agency with the opportunity to present a summary of its five-year plan. The narrative should convey to the reader a clear picture of the following questions:

(a) What is the condition and adequacy of your existing facilities? Demand trends? What is the total amount of your agency's deferred maintenance needs?

In this section, the agency should clearly describe the overall condition of your existing facilities and their adequacy in meeting your agency's needs. The description should include: What needs are not being met? What present and anticipated demands are being placed on the facilities? What are the key factors involved in demand trends and are the demands increasing or decreasing? What is the extent and dollar amount of the agency's deferred maintenance needs? If the agency has building assessments, or other studies of deferred maintenance needs, this should be attached as supporting documentation for the total amount of deferred maintenance. For the colleges and universities, this information should be consistent with deferred maintenance information submitted to the Commission on Higher Education.

(b) What is your approach to maintaining existing facilities in acceptable condition? How are deferred maintenance needs addressed?

In this section, the agency should identify and describe any special programs, training, funding, etc., which the agency uses to keep its facilities in acceptable condition. The description should include: Is there a maintenance program on each major facility? If the agency has its own funds, are any of them dedicated to a routine maintenance program and how much? What priority does facility maintenance have within the agency? The agency should state specifically how its deferred maintenance needs are addressed in terms of funding, scheduling to get needed work done and other ways it may identify. It should also include any impediments to addressing deferred maintenance needs.

(c) What are your facility replacement and addition needs?

In this section, the agency should describe any facility replacement and addition needs which are addressed in the proposed CPIP and any needs which may not be addressed and the reasons why. The description should include: Are there major facilities in need of replacement in view of the demand trends described in (1) above? Do the trends indicate needs for major additional facilities and what types of facilities are needed? For colleges and universities, this information should be consistent with information submitted to the Commission on Higher Education.

(d) What is the theme of your five-year CPIP? How does it respond to questions 1, 2 and 3?

In this section, the agency should relate all the information in the questions above to describe the theme of its CPIP. This should include: What major objectives are addressed in the plan? How do the projects included respond to the agency's maintenance needs and its replacement and addition needs? What is the plan's primary thrust? For colleges and universities, the CPIP should be consistent with or should replace plans on file with the Commission on Higher Education.

3. Financial Summary of the Five-Year Plan (B&CB Form C1)

Form C1 is a form for summarizing the number of projects proposed in the agency's five-year plan and the estimated costs by proposed sources of funds for those projects. The information used to complete the Form C1 is drawn and consolidated from the Forms C2 and C3.

Please note that the totals on the Form C2 for each plan year should agree with the corresponding plan year total presented on the Form C1.

4. Summary Listing, Projects Proposed for Plan Year (B&CB Form C2)

A separate Form C2 should be prepared for each fiscal year covered by the plan. The projects proposed for each plan year should be listed in order of priority and grouped according to the fiscal year in which funding approval is deemed necessary. That includes projects for which funding is already available and projects for which funding will be requested, except for Year 1 should not include requests for new funding. Please remember that all projects expected to be initiated in the years covered by the plan should be listed, including any previously authorized capital improvement bond funded projects or other state funded projects not already initiated. Previously authorized bond projects should be clearly identified as such and should specify the year in which the funds were authorized.

The CPIP covers the current year (July 1 upcoming) and the four succeeding fiscal years. Please check the plan year at the top of the page for each Form C2 submitted. Form C2 for Plan Years 1 and 2 should list the projects in priority order as they are listed individually on the Forms C3. The project name, the total estimated cost for each project and the proposed source or sources of funds should be entered as they appear on the Form C3. If multiple fund sources are anticipated for any project, please also specify the dollar amount of each fund source.

5. Individual Projects Proposed by Fiscal Year (B&CB Form C3)

Form C3 is the form that details each project for Years 1 and 2 of the CPIP. A separate Form C3 should be prepared and submitted for each project proposed in Plan Years 1 and 2. Forms C3 should not be submitted for individual projects proposed in Plan Years 3, 4 and 5. However, their preparation by the agency is encouraged as a means of focusing on future needs and to provide a basis for the summary

information required by B&CB Forms C1 and C2 on projects envisioned for those three plan years. Projects included should meet the definition of a permanent improvement as defined in Chapter 2 of this manual. Land acquisition projects should also be included.

The projects included for Plan Year 1 should correspond to the projects previously submitted and should not include any funding requests. Those projects may include major budget increases to existing projects as Year 1 project requests, as some agencies have included these in past annual and five-year plans. Projects included in Plan Year 2 should correspond to the projects that the agency anticipates including in its upcoming capital budget request, as well as any projects for that year that will be funded with agency fund sources.

Each C3 form must be accompanied by a C4 form showing the additional annual operating costs or savings which are expected to result from the proposed project over the three years after the project is completed. Although the C4 form is in a different format, it contains the same required information as the A-49 form. Please refer to Chapter 3 of this manual on filling out the A-49 form to complete the C4 form.

CPIP Submission

Agencies and higher education institutions submit the CPIP original and a specified number of hard copies to the Capital Budgeting Unit by a specified date around March 1st. Each should also submit an electronic copy of its CPIP to the Capital Budgeting Unit simultaneously. Colleges, universities and technical colleges should send an electronic copy and hard copy to CHE at the same time they submit copies to the Capital Budgeting Unit. The entire CPIP package contains all forms described above.

The CPIP must be approved by the Joint Bond Review Committee (JBRC) and the Budget and Control Board each year. To meet that approval date, CPIPs must be received by the specified March deadline because of the time required to prepare CPIP documents for JBRC and Board approval. Higher education institutions should submit their CPIPs to the State Board for Technical and Comprehensive Education and the Commission on Higher Education on their schedules.

Capital Budgeting Review of Agency CPIPs

When the CPIPs are submitted to Capital Budgeting, the analysts review all forms to make sure the information is complete and that all information balances between the various CPIP forms. Then the Capital Budgeting Unit compiles a summary document of all agencies' CPIPs for presentation to the Joint Bond Review Committee and the Budget and Control Board for their approvals. Capital Budgeting staff will contact each agency/institution to review the CPIP submission. Site visits will be conducted between March and early June.

CPIP Approval

The Joint Bond Review Committee and the Budget and Control Board review and approve all agencies' Comprehensive Permanent Improvement Plans before proposed new projects can be established. The CPIP compilation is submitted to JBRC and the Board for approval by the Capital Budgeting Unit in July or August of each year, depending on the respective meeting schedules. After Board approval of CPIP (Year 1 only), the Capital Budgeting Unit notifies each agency of the projects

approved or disapproved by JBRC and the Board. Years 2 through 5 are presented to JBRC and the Board as information only.

Establishing CPIP Projects

To establish a proposed new project approved in CPIP, the agency submits an A-1 form to the Capital Budgeting Unit when the funds for the project become available to the agency during the CPIP year. The A-1 form should include the same information supplied on the C3 form as part of the CPIP submission. The project name, scope, budget and source of funds should be consistent with that proposed in the CPIP. If they are, no additional approvals are needed. If the project scope, budget or source of funds are not consistent with those proposed and approved in CPIP, additional JBRC and Board or staff approvals may be necessary. When the A-1 form is submitted, the Capital Budgeting Unit assigns a project number and work on the project can begin. Only Year 1 projects are specifically approved by JBRC and the Board.

If a project is proposed in CPIP but not approved by the Joint Bond Review Committee and the Budget and Control Board, it is possible the project can still be established during the CPIP year as an interim project. The agency should submit an A-1 to the Capital Budgeting Unit and the project request is treated as any interim project requiring JBRC staff or full JBRC and Board approval, depending on the budget amount.

Any request to establish new projects authorized in the CPIP should be submitted by June 30th. Projects authorized in the CPIP which are not established by June 30th of the CPIP year will have to be requested again, either as a new project in the following year's CPIP or as an interim project. The authorization in CPIP does not carry forward into the next CPIP year.